



City of Homer

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Human Resources

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MEMORANDUM 22-081

TO: City Council
THROUGH: Rob Dumouchel, City Manager
FROM: Andrea Browning, HR
DATE: April 29, 2022
SUBJECT: Healthcare Renewal

The City of Homer's employee benefit plans are due to renew on July 1, 2022. In prior years the renewal has been effective August 1st. However, the City is now in Premera's Political Subdivision Group, which has a group renewal date of July 1st annually.

Below is a summary of the upcoming renewal:

- The City's renewal position was strong this year based on improved usage and group activity.
- The renewal rates in the packet provided by USI show rates based on current enrollment.
- Our enrollment numbers fluctuate throughout the year, however enrollment has increased by an average of five employees in the past year. This increase is due to attrition, and a general shift in a greater number of new-hires enrolling in healthcare vs. having separate coverage through the military, alternate spousal coverage, etc.
- VSP and Prudential provided a two-year rate guarantee during the 2021 Enrollment, so these rates did not increase. Only Premera Medical/Rx and Dental increased.
- Municipalities in the Premera Political Subdivision Group fell into an approximate 3%, 6%, or 9% renewal rate for FY23.
- The City's renewal shows an overall healthcare increase of 2.8% (based on current enrollment), but a decrease of 1% from what was budgeted for FY23.

***To better illustrate the increase in enrollment- last year's enrollment numbers vs. current:

The August 1, 2021 renewal rates were reflective of 76 total employees on the plan

22 Employee Only
11 Employee + Spouse
19 Employee + Child(ren)
24 Employee + Spouse + Child(ren)

The July 1, 2022 renewal rates are reflective of 81 total employees on the plan

26 Employee Only
12 Employee + Spouse

- 16 Employee + Child(ren)
- 27 Employee + Spouse + Child(ren)

	FY 2023 Budget	July 1, 2022 (Renewal)	Difference \$	Increase/ Decrease %
Budget	FY23 \$2,260,621	\$2,251,515	\$9,106	1% Decrease
\$ Based on Current Enrollment	\$2,189,922	\$2,251,515	\$61,593	2.8% Increase

*The City budgeted for a 10% increase in the FY 2023 Budget.